

## Message Text

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51

ACTION NEA-12

INFO OCT-01 RSC-01 RSR-01 SS-15 FILE-01 SSO-00 CCO-00

ADP-00 AID-20 EB-11 NSC-10 CIEP-02 TRSE-00 STR-08

OMB-01 CEA-02 /085 W

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P R 221132 Z APR 73 ZFF-4

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC PRIORITY 1992

INFO AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY NEW DELHI

C O N F I D E N T I A L TEHRAN 2682

DEPTO 69

E. O. 11652: GDS

TAGS: EFIN, IN

SUBJ: DEPUTY SECRETARY' S CALL ON INDIAN FINANCE MINISTER -  
RUPEE PROBLEM

1. DEPUTY SECRETARY RUSH ACCOMPANIED BY AMBASSADOR MOYNIHAN, SISCO AND SCHNEIDER CALLED ON INDIAN FINANCE MINISTER CHAVAN APRIL 20. FINANCE SECRETARY KAUL ALSO PRESENT ON INDIAN SIDE.
  2. AFTER PLEASANTRIES CHAVAN OPENED SUBSTANTIVE DISCUSSION BY REFERRING TO HIS RECENT TALK WITH SECRETARY SHULTZ IN WASHINGTON AT WHICH IT WAS AGREED US AND INDIA WOULD SEEK SETTLEMENT OF RUPEE PROBLEM. CHAVAN PROPOSED THAT WE SHOULD AGREE TO MECHANISM FOR STARTING DISCUSSIONS. DEP SEC REPLIED WE WERE WILLING START NEGOTIATIONS. WE WERE NOW MAKING PLANS PRIOR TO STARTING TALKS.
  3. CHAVAN ASKED AT WHAT LEVEL AND WHERE DISCUSSIONS SHOULD BE HELD. DEP SEC NOTED TREASURY UNDERSECRETARY VOLCKER WOULD BE IN NEW DELHI APRIL 30 ON ROUTE TO MANILA DISCUSSIONS. DEP SEC SAID SISCO AND HE WILL BE RETURNING TO WASHINGTON APRIL 28 FOLLOWING WHICH WE WILL TAKE UP QUESTION OF PREPARING FOR NEGOTIATIONS. SISCO SAID WE HAD DELHI IN MIND AS PLACE FOR DISCUSSIONS AND AMBASSADOR
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MOYNIHAN AND HIS STAFF WILL CARRY FORWARD TALKS. WE WILL WANT TO DISCUSS MATTER FURTHER WHEN WE RETURN TO WASHINGTON, HOWEVER. WE WILL GIVE INDICATION OF OUR PLANS LATER.

4. CHAVAN NOTED CONTINUING NEED FOR NEGOTIATIONS AND ASKED IF US PLANNED ASSOCIATE OFFICIALS FROM STATE AND TREASURY WITH DISCUSSIONS. SISCO REPEATED THAT WE EXPECTED AMBASSADOR MOYNIHAN

AND HIS STAFF TO CARRY BURDEN, BUT MINISTER HAD MADE VALID POINT. SISCO SAID THERE WILL BE NEED FOR FURTHER TECHNICAL DISCUSSIONS WITH USG PRIOR TO PENDING NEGOTIATIONS.

5. CHAVAN URGED THAT DISCUSSIONS BE STARTED PROMPTLY. NOTED SOLUTION RUPEE PROBLEM WOULD HAVE BOTH POLITICAL AND ECONOMIC IMPLICATIONS. US AND INDIA HAD BEEN SILENT ON MATTER FOR PAST SEVERAL YEARS. WHEN TALKS HAD STARTED GOOD FEELING WOULD BE CREATED.

6. DEP SEC REVIEWED CONGRESSIONAL PROBLEM WE WOULD FACE CONCERNING POSSIBLE SETTLEMENT. SAID IN LIGHT OF US BALANCE OF PAYMENTS PROBLEMS, CONGRESS WILL BE CLOSELY INTERESTED. THIS ASPECT WILL HAVE TO BE WOVEN INTO NEGOTIATIONS. SISCO OBSERVED THAT THIS WAS COMPLICATED ISSUE. WE WOULD HAVE TO CONSULT CONGRESS. WE WOULD HAVE TO TAKE SOME TIME TO DECIDE HOW TO OPEN CONVERSATIONS. IT WAS IN OUR MUTUAL INTEREST NOT TO STIMULATE UNDUE EXPECTATIONS. THIS COULD CAUSE PROBLEMS IN OUR RELATIONS.

7. CHAVAN SAID HE WOULD PREFER TO OPEN NEGOTIATIONS WITHIN MATTER OF WEEKS AND AVOID DILATORY PACE. NOTED THAT SOMETIMES TECHNICAL DISCUSSIONS DRAG ON FOREVER. DISCUSSIONS SHOULD BE SERIOUS AND CONTINUOUS. DEP SEC REPLIED THAT WE WOULD NOT ENTER DISCUSSIONS WITH ANY IDEA OF PROCEEDING SLOWLY. WE TOOK TALKS SERIOUSLY AND INTENDED REACH EXPEDITIOUS CONCLUSION BUT THIS WAS COMPLICATED MATTER AND IT WOULD TAKE TIME TO REACH AGREEMENT.

7. BALANCE OF DISCUSSION ON OTHER ISSUES REPOTED SEPTEL.  
RUSH

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